

**Meeting of the Suffolk Tobacco Asset Securitization Corporation
(STASC)
July 8, 2009**

Minutes

Attendees: Jim Morgo, Chairman and President, STASC; Terrence Pearsall, Treasurer & Secretary, STASC; Bob Fonti, Independent Director; Fred Pollert, Deputy County Executive for Finance & Management; Connie Corso, Budget Director; John D'Amico, Audit & Control; Dennis Brown, Bureau Chief, Municipal Law; Amy Engel, County Executive Assistant, Rich Tortora, Capital Markets; Bob Creighton, Farrell, Fritz; Nicole Howard, Farrell, Fritz; Brian Petersen, AVZ; Tom Ruggiero, AVZ; Jeff Davoli, AVZ. Suffolk County Executive Steve Levy came in for a brief while to do the approvals.

Minutes Approved: The minutes from the June 2, 2009 meeting were approved.

Market Overview: Rich Tortora of Capital Markets gave an overview of the market. He explained that the Suffolk Tobacco Asset Securitization Corporation transaction in August 2008 was one of the last securitizations done before the market shutdown. After that it became difficult, if not impossible, to sell a tobacco bond.

- We successfully sold our bonds and bought a portfolio of U.S. Treasury securities.
- We significantly reduced Suffolk's liability.
- There were only 4 unenhanced tobacco deals in 2008 and we were one of them.

Thank you: Jim Morgo, Chairman thanked Dennis Brown and Amy Engel for doing all of the day-to-day operations to maintain STASC.

Defeasance Schedule: Rich Tortora reviewed the bond defeasance schedule.

- We have been able to retire some of the County's General Obligation (GO) debt. According to the plan – we identified GO debt that matured in 2008 and 2009 and going forward.
- We have paid off the GO debt according to that plan.

AVZ – Accounting Update: Brian Petersen and Tom Ruggiero discussed STASC accounting. They will compile the books and records.

- They will not be giving an opinion, but rather a strict compilation in accordance with Generally Accepted Accounting Principles (GAAP).
- The Tobacco Securitization Revenues (TSRs) will be treated on a cash basis.
- The funds will be done on a modified accrued basis.
- The fund balance on the balance sheet reflects \$225,187,208.
- There is a net deficit reflected of \$5,010,850 because it does not reflect any revenue because there were no TSRs revenues in 2008.
- For 2009, for the first six months of activity reflect \$21 M in TSRS distributed in April, 2009.

- Cost of Issuance - \$26,000. According to the Indenture Statement any surplus must be transferred to the Collection Fund, Special Revenue fund.
- Unencumbered revenues will go to pay the Turbo payments –the redemption account for repayment.
- STASC operating expenses are expected to exceed \$26,000.
- The next distribution of TSRs will be in April 2010.
- Bank of New York - there was an assignment between STASC and the County Treasurer for a transfer.
- Ernst & Young issued an unqualified opinion.

Continuing Disclosure Filing: Rich Tortora explained that the SEC requires filings and an annual update and audited financial statements.

- They need to be done within 180-270 days after the close of the fiscal year. T
- here was a discussion as to whether Rich Tortora or Ernst & Young would complete them.
- It was agreed that Rich Tortora would draft a memo regarding the filing requirements and the EMMA requirements.

Arbitrage Test: Ernst & Young also needs to complete an annual arbitrage test.

Amended By-laws: Bob Creighton, Farrell Fritz briefed the group on the changes to the by-laws.

- Section 4 discusses quorum and voting.
- Section C discusses the sole member. It adds clarity that the County Executive can act by written consent.
- Section 2 D – by adding the Budget Director as an ex-officio, non-voting member it will provide continuity when there are changes in administration.
- Article III, Section 1 discusses the Independent Officer. This conforms the by-laws to the Certificate of Incorporation.
- There were no questions. The Directors voted to adopt the amended by-laws.

Certificate of Incorporation: This document needed to be changed to reflect 4 board members. Suffolk County Executive Steve Levy, came in to approve this. The amendments to the Certificate were adopted.

Certificate of Independence: This documents was adopted by the Directors.

Reappointment of Directors: The Directors were reappointed.

Payments: It was decided by the Directors that upon receipt of detailed invoices all bills may be paid.

Adjournment: The meeting was adjourned.